

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1736-01  
Bill No.: HB 745  
Subject: Education, Higher; Higher Education Department  
Type: Original  
Date: March 20, 2013

---

Bill Summary: This proposal modifies provisions relating to higher education scholarships.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
General Revenue	(\$272,331) or Unknown	(\$97,331) or Unknown	(\$97,331) or Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$272,331) or Unknown</b>	<b>(\$97,331) or Unknown</b>	<b>(\$97,331) or Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Universities	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown - Could exceed \$100,000)</b>	<b>(Unknown - Could exceed \$100,000)</b>	<b>(Unknown - Could exceed \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Local Government</b>	<b>(\$25,391 to Unknown - Could exceed \$100,000)</b>	<b>(\$25,391 to Unknown - Could exceed \$100,000)</b>	<b>(\$25,391 to Unknown - Could exceed \$100,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

According to officials from the **Department of Higher Education (DHE)**, this bill adds eligibility requirements for certain state scholarship programs (A+, Bright Flight, and Access Missouri) requiring students to pass Algebra I or English I end-of-course exams, or achieve a qualifying score on either the ACT or COMPASS test as determined by the Coordinating Board for Higher Education.

The bill also adds renewal requirements that students complete a certain number of hours in order to renew awards made under the programs. The new criteria will require additional eligibility verification work of DHE before awards can be made under the program.

DHE assumes that it would have to reprogram the software it uses to administer financial aid programs, FAMOUS, to include this new criteria for eligibility of students in these programs. The cost of reprogramming FAMOUS is estimated to be approximately \$175,000 and is a one-time expense. DHE assumes that funds for this reprogramming would be appropriated to the DHE rather than to Office of Administration - Information Technology Services Division (OAITS). The cost of reprogramming FAMOUS has traditionally been in the DHE budget rather than OAITS.

According to officials from the **Department of Elementary and Secondary Education (DESE)**, this proposal appears to impact the Coordinating Board for Higher Education and the local school districts. The information provided below has been provided because DESE tracks the number of students who will meet the requirements of the proposal.

DESE assumes that 75% of students tested are interested in going to post secondary education of some type when calculating retest costs. Algebra I and English II are used for calculations because those are the two courses for which current census administrations exist.

In 2012, 73% (or 66,031) English II takers were proficient or advanced. 2% retakes would equal 1,320 students x \$6.90 = \$9,108 cost to the state and 1,320 students x \$1.80 = \$2,376 cost to the school districts.

In 2012, 56.6% (or 69,870) Algebra I takers were proficient or advanced. 18.3% retakes would equal 12,786 students x \$6.90 = \$88,223 cost to the state and 12,786 students x \$1.80 = \$23,015 cost to the school districts.

ASSUMPTION (continued)

Officials from the **St. Charles Community College** expect the proposed legislation to have a potential negative fiscal impact through reduced A+ eligible student enrollments. The amount of impact can not be quantified with certainty at this time.

Officials from **Northwest Missouri State University** assume some minimal impact is expected, but it is difficult to quantify at this time.

Officials from **Linn State Technical College** assume an unknown fiscal impact.

In response to a similar proposal (SB 378) from this session, officials from the **Kansas City Metropolitan Community College** assume this proposal would have a significant fiscal impact from a program point of view and would also have a similar significant administrative fiscal impact due to additional work required to both award and monitor students in these programs.

**Oversight** assumes colleges and universities could see a potential reduction in students with the more stringent eligibility requirements for scholarship programs outlined in the proposal. Oversight also assumes there could be potential savings to General Revenue if fewer scholarships are awarded due to stricter eligibility requirements.

Officials from the **Department of Public Safety - Missouri Veterans Commission, University of Missouri System, Missouri State University, University of Central Missouri, Parkway School District**, and the **Special School District of St. Louis County** each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>GENERAL REVENUE</b>			
<u>Savings</u> - Department of Higher Education (DHE) - Potential decrease in scholarships awarded	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000
<u>Costs</u> - DHE- Programming expenses	(\$175,000)	\$0	\$0
<u>Costs</u> - Department of Elementary and Secondary Education - Test retakes	<u>(\$97,331)</u>	<u>(\$97,331)</u>	<u>(\$97,331)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(\$272,331) or <u>Unknown</u></b>	<b>(\$97,331) or <u>Unknown</u></b>	<b>(\$97,331) or <u>Unknown</u></b>
<b>UNIVERSITIES</b>			
<u>Loss</u> - Universities - Potential decrease in students due to increased eligibility requirements for scholarship programs	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<b>ESTIMATED NET EFFECT ON UNIVERSITIES</b>	<b>(Unknown - Could exceed <u>\$100,000</u>)</b>	<b>(Unknown - Could exceed <u>\$100,000</u>)</b>	<b>(Unknown - Could exceed <u>\$100,000</u>)</b>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Costs</u> - School Districts - Test retakes	(\$25,391)	(\$25,391)	(\$25,391)
<u>Loss</u> - Colleges - Potential decrease in students due to increased eligibility requirements for scholarship programs	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>(\$25,391 to Unknown - could exceed <u>\$100,000</u>)</b>	<b>(\$25,391 to Unknown - could exceed <u>\$100,000</u>)</b>	<b>(\$25,391 to Unknown - could exceed <u>\$100,000</u>)</b>

### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### FISCAL DESCRIPTION

This act modifies the A+ Program, the Higher Education Academic Scholarship Program (Bright Flight), and the Access Missouri Financial Assistance Program.

#### §160.545 - A+ PROGRAM

For a student to be eligible for A+ reimbursements, the student must have achieved a score of proficient or advanced on the Algebra I end-of-course assessment and on the English I end-of-course assessment, unless the student's high school has met all of the Department of Elementary and Secondary Education (DESE) waiver requirements. Alternatively, the student may have achieved a qualifying score on the COMPASS exam or ACT. These provisions shall not be required of a student who is enrolling in a certificate program.

A student must successfully complete at least twenty-four credit hours during the first twelve month period of enrollment and at least twenty-four credit hours each subsequent twelve month period of enrollment to remain eligible and receive renewed scholarship benefits.

#### §173.250 - BRIGHT FLIGHT

For a student to be eligible for a Bright Flight scholarship, the student must have achieved a score of proficient or advanced on the Algebra I end-of-course assessment and on the English I end-of-course assessment, unless the student's high school has met all of the DESE waiver requirements. Alternatively, the student may have achieved a qualifying score on the COMPASS exam or ACT. These provisions shall not be required of a student who is enrolling in a certificate program.

A student must successfully complete at least twenty-four credit hours during the first twelve month period of enrollment and at least twenty-four credit hours each subsequent twelve month period of enrollment to receive renewed scholarship benefits.

#### §173.1104 - ACCESS MISSOURI

For a student who graduates from high school during the 2016-2017 school year and beyond to be eligible for financial assistance, the student must have achieved a score of proficient or advanced on the Algebra I end-of-course assessment and on the English I end-of-course

FISCAL DESCRIPTION (continued)

assessment, unless the student's high school has met all of the DESE waiver requirements. Alternatively, the student may have achieved a qualifying score on the COMPASS exam or ACT. These provisions shall not be required of a student who is enrolling in a certificate program.

Beginning with the 2014-2015 academic year, a student must successfully complete at least twenty-four credit hours during the first year of enrollment to receive renewed financial assistance. A student may receive a second renewal if he or she has completed forty-eight credit hours, a third renewal if he or she has completed seventy-two credit hours, and a fourth renewal if he or she has completed ninety-six credit hours.

This act adds provisions allowing an eligible student who is unable to enroll or ceases attendance because of illness, disability, pregnancy, medical need, service to a nonprofit organization, service to a state or federal government agency, or military service, to maintain eligibility if certain criteria, as described in the act, are met.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Higher Education  
Department of Elementary and Secondary Education  
Department of Public Safety  
Missouri Veterans Commission  
Colleges and Universities  
Kansas City Metropolitan Community College  
Linn State Technical College  
Northwest Missouri State University  
St. Charles Community College  
University of Missouri System  
Missouri State University  
University of Central Missouri  
School Districts  
Special School District of St. Louis County  
Parkway



L.R. No. 1736-01  
Bill No. HB 745  
Page 8 of 8  
March 20, 2013

Ross Strobe  
Acting Director  
March 20, 2013

LMD:LR:OD